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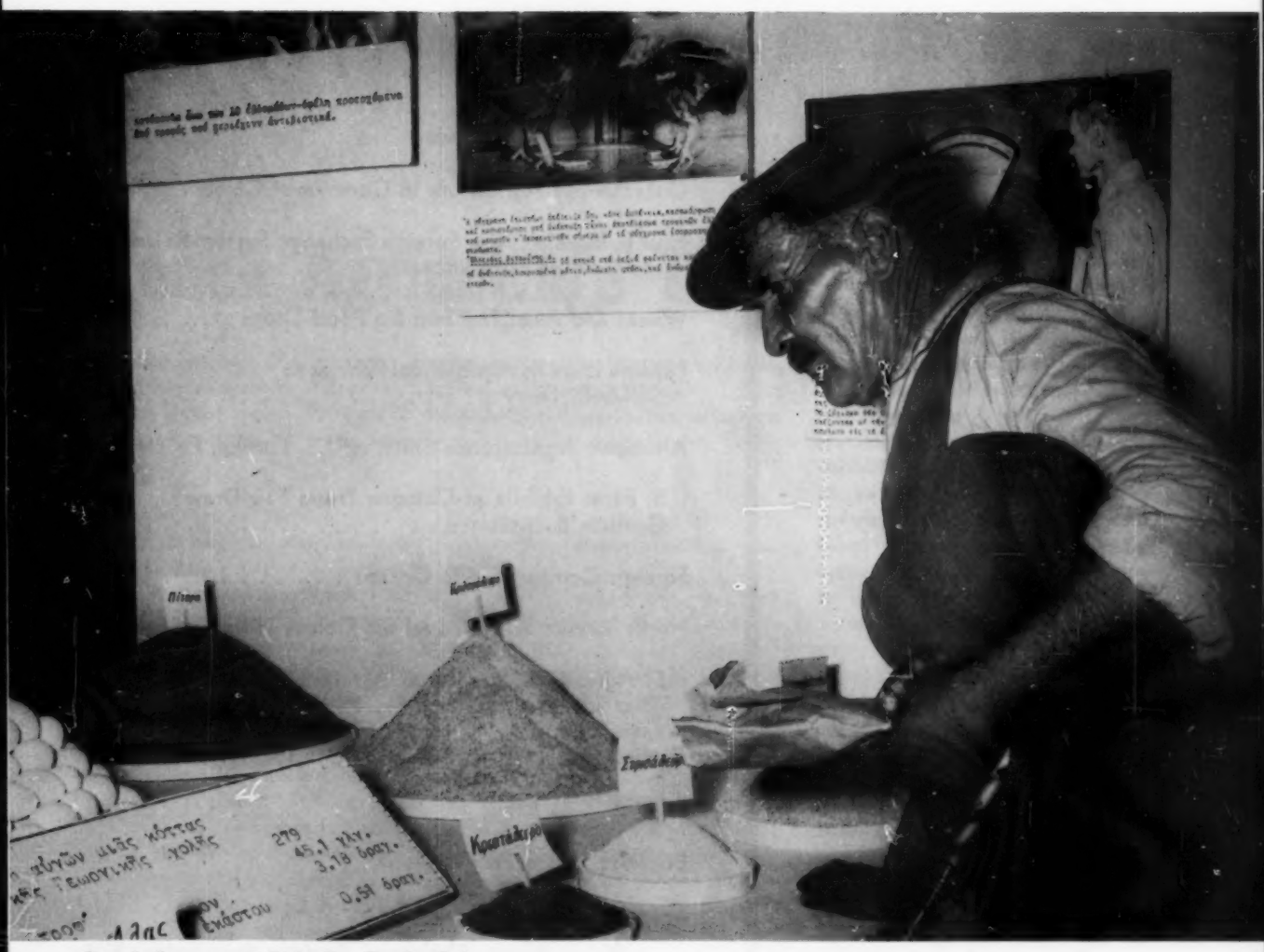

Greek farmer at Salonika Trade Fair

French Agriculture Today
Collectivized Agriculture in Communist China
U.S. Agriculture and Foreign Policy

UNITED STATES DEPARTMENT OF AGRICULTURE • FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURE

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To report and interpret world agricultural developments.

40 Years of Communism

November 7, 1957, marks the Fortieth Anniversary of the Bolshevik Revolution. The Soviet Union is making much of this date, and is alleging progress under communism that the facts do not bear out.

Citizens of the Soviet Union learn little of the outside Free World and have scant opportunity to compare their lot with that of citizens of non-Communist countries. Real wages—the economist's term for the actual buying power of what a person earns—are the real test of what an economic system does for its citizens. In most of the Free World, real wages have improved through the years. In the USSR, there has been little improvement. This is indicated by the fact that the average Soviet worker, after 40 years of Soviet rule, today must work 3 hours to earn a dozen eggs, 62 hours to earn a pair of leather shoes, 1,400 hours to earn a wool suit.

The true record of the Soviet Union, by way of providing more of the good things of life for its people, is negative. In contrast, we recommend the article beginning on page 13, "Stake of American Agriculture in U.S. Foreign Policies," which shows the positive record achieved by American agriculture, not only in feeding and clothing our own people but also in contributing to U.S. foreign relations.

Cover Photograph

Greek farmer, at Salonika International Trade Fair Exhibit, compares annual output of a hen with the feed she consumes during a year. (See also story on Cologne Trade Fair, p. 15.)

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Open-air market in Paris. Most French working families have no refrigeration so they shop daily from nearby stalls.

French Agriculture Today

France has an active domestic economy but a rather precarious international trade balance. How does this situation affect French agricultural trade with the United States? Dr. Paul E. Minneman, U.S. agricultural attaché in Paris—and recently on home leave—answers this in the interview below.

Question: France has been having economic trouble this year, and now comes the latest currency devaluation. Yet on the surface France seems to be amazingly prosperous. Dr. Minneman, could you explain this paradox?

Answer: Yes, I believe it is safe to say that economic conditions, as indicated by the standard of living, employment, and domestic purchasing power, are at a higher level now than probably ever before. Domestic business is strong. On the other hand, France lost foreign exchange every month for the past year until it finally reached a critically low level. Possibly France was simply living beyond its means. It imported too much compared to what it exported. Now it is trying to correct that situation.

Question: Will this mean increased exports, decreased imports, or both?

Answer: Probably both. But certainly the emphasis will be on buying less abroad.

Question: How will this affect U.S. farm exports? Aren't we selling wheat to France?

Answer: Years ago our biggest export to France was wheat. But as the French yields per acre increased through better varieties, improved methods, and more fertilizer, France rose to fifth place among world wheat exporters. Then last year, because of the severe cold weather, France lost about half of its wheat crop. So instead of exporting 100 million bushels, as it had in the 1955-56 season, France had to import 70 million bushels. About 44 million bushels of this came from the United States and was mostly paid for in dollars. This reversal was purely a matter of weather. The French expect normally to have an export surplus of wheat.

Question: Has France entirely recovered from that freeze?

Answer: So far as the annual crops are concerned—yes. But fruit trees, olive, walnut, and prune trees—and some vineyards—have not recovered.

Question: To get back to our exports, what is the major one now?

Answer: Our biggest export to France today is cotton. French spinners prefer U.S. cotton to other cotton, if the price is right. The question is, will the government permit them to import cotton by releasing the necessary foreign exchange? About a year and a half ago, when prices were well above those of other cotton-exporting countries, the government permitted imports of U.S. cotton. Yet the spinners wouldn't buy it because our prices were too high. Now our prices are quite in line, but the government won't provide enough dollars to enable them to buy as much of our cotton as they would like.

Question: With France still the fashion capital of the world, have you noticed whether cotton textiles and cotton clothes are becoming more important fashionwise?

Answer: They certainly are. Cotton consumption in France is increasing, but the loss of several French colonies has reduced the export market for cotton textiles. Consumption in France

France gets about 15 percent of its income from agriculture. *Right*, dairy cattle grazing in Haute Savoie. *Above*, harvesting wheat, one of France's big crops.

is rising because the general level of living is going up and more money is being spent on clothes. As to cotton in high style, you probably remember that we have a market development program, through the Cotton Council of America, that is working with the French cotton textile syndicate to stimulate wider acceptance of cotton. The syndicate is putting greater emphasis on the use of cotton in high style, with the thought that this will enhance the popularity of cotton everywhere.

Question: What about U.S. tobacco?

Answer: Although France grows considerable tobacco it is also an important buyer of U.S. leaf to satisfy the increasing demand for American-style blended cigarettes.

Question: Aren't variety meats, particularly livers, fairly important in our trade with France?

Answer: One of the famous delicacies of France is pâté de fois gras, or goose liver paste. Not very much of that can be produced, and besides it is very expensive, so traditionally a large volume of other pâté is produced from pork livers. This is so popular that there is not enough pork liver in France to go around, and we are able to sell them quite a little additional pork liver. If foreign exchange were available, I am sure the pâté manufacturers would buy still more from the United States.

Question: What other U.S. commodities might France be interested in buying?

Answer: In recent years they have always bought a little corn for the corn-processing industry. They buy prunes from Yugoslavia and from us. They have bought other U.S. fruit too —primarily summer oranges from California. Whether they will continue to provide their scarce dollars for these products remains to be seen.

Question: What do we buy from France?

Answer: Gastronomic specialties largely—such as fancy peas and mushrooms, artichoke hearts and those pâtés. But our biggest agricultural imports are champagne and other wines —the things for which France is famous.

Question: Has the recent currency devaluation affected France's agricultural trade?

Answer: It is still too early to say. There has been a devaluation of about 20 percent in the French franc, but it is not a complete devaluation. Raw materials, such as cotton and wool, fuel and coal, will continue to be imported at the old rate, whereas practically all other imports will be at the rate of 420 francs to the dollar. How long this system will be maintained we do not know. Obviously the aim of the whole scheme is to make imports more difficult and exports more profitable.

Question: That seems to cover trade pretty well. Now about France's agriculture. What would you say, Dr. Minneman, has been the most important advance in that since the war?

Answer: That's difficult to single out. Probably increased mechanization and higher yields per acre—especially in grain—would be the outstanding advances. There also is a significant increase in the production and consumption of meat and other livestock products.

Question: Wouldn't that increased livestock industry build a better market for our feed grains?

Answer: Possibly—but the French have grain to export and until they find markets for that they are not

(Continued on page 16)

Collectivized Agriculture In Communist China*

The Communist China regime has collectivized more than a half billion people in the most far-reaching economic and social upheaval to occur in any country. The following article shows the "carrot and stick" method used to carry this out.

By HUGHES H. SPURLOCK
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THE CHINESE COMMUNIST regime claims that the free enterprise system of farming has been virtually eliminated and replaced by agricultural collectives. Statistics released in support of this contention show that 96 percent of an estimated 120 million peasant households in China have now joined collectives.

The ruthless and drastic measures used, the enormous economic and social impact, and especially the fact that more than half a billion people are involved make this the biggest and most far-reaching economic and social upheaval ever to occur in any country. As an economic measure alone, collectivization has practically stripped the Chinese people of all proprietary interest in land, farming equipment, and major livestock enterprises, and has reduced every individual to a dependent of the state, living from hand to mouth.

The government has apparently reached the collectivized stage ahead of its own original timetable. As recently as the first part of 1955, top officials referred vaguely to collectivized farming as something several years ahead to be reached step by step; emphasis then was apparently on the gradual approach. But in the middle of 1955, this policy was changed, and the full resources of the state were thrown into a drive to collectivize agriculture in the shortest possible time.

The attainments now claimed are rather surprising. It seems likely, however, that the organizational work was done in a hasty and haphazard way. That this is true is strongly suggested by the Chinese authorities, who now describe the task remaining as one of consolidation and add that consolidation will require several years. Recurring reports of unrest and increased oppression show that the collectives are far from being accepted.

Nevertheless, there is no doubt but that the government has made rapid strides in carrying out its declared policy of destroying the free enterprise system. Collectivization of agriculture, the major sector of the nation's economy, is certainly a significant milestone in developing a control apparatus useful for extending and tightening control over the entire countryside.

Background

The need for land reform was used extensively for propaganda purposes by the Chinese Communists in bidding for support from the peasants during the revolutionary period. Hopeful peasants provided the bulk of the men and materials Communists used to overthrow the Nationalist Government.

The pattern of events that have followed since the Communists took over the Mainland suggests that they guided and set the pace by ear, pushing ahead vigorously when conditions looked opportune, then slowing down the pressure when the situation became threatening.

There were—and still are—two very obvious restraints at work and probably a third. First, the government was concerned about the possibility that a drastic and adventuresome policy, if pushed too fast, would dangerously dislocate production. This accounted for its willingness to tolerate a little free enterprise temporarily. The rich peasants particularly got a brief respite because of their position as effective producers of food and fiber which the country had to have.

Second, the government had no way of knowing how far the people's rights and privileges could be encroached upon without a political explosion. And, third, it was quite probable that the need to train people and to gain experience in order to overcome a severe shortage of technically trained and politically reliable personnel acted as a check.

Land Reform

The overall plan of collectivization has evolved through three stages. Land reform, carried out during 3 years of Communist rule, was the first stage, the basic measure which prepared the way for the final step that turned the Chinese farmer into a wage earner.

In this phase of the development, the peasant population of China was arbitrarily divided into four classes—landlords, rich peasants, middle peasants, and poor peasants. These classes were defined by the Communists as follows:

"A landlord is a person who maintains himself exclusively by exploitation. Feudal exploitation of land is further explained as receiving benefits from land in the form of rents by a person not himself engaged in essential labor, as distinguished from mere supplementary labor. Essential labor means taking part in the actual process of production for a definite period of time." (This is the basis of distinction between a landlord and a rich peasant, according to the Communist definition.)

*First of two articles.

Privately owned rice store in Shanghai, 1950. Today rice is bought by the State and sold mostly in State stores. Buyers must have coupons to purchase.

Worker gathers long-season variety of millet on central plains of Shansi.

"A rich peasant is one who engages himself in essential labor but derives a portion of his income from exploitation which exceeds 25 percent of the total annual income of his family. A middle peasant is a self-cultivating owner who does not employ outside labor nor sell his labor power. This category also includes tenants. The poor peasants own indifferent land and implements and have to obtain land on rent and also sell their labor."

As a first step, the land and other property of farmers falling into the landlord class, and to some extent the rich peasant class, were seized and distributed among the poorer peasants. An element of the rich peasant class was tolerated for a time for economic reasons, then eliminated as an economic entity. Later, essentially the same confiscatory treatment was applied to the middle and lower class peasants by forcing these groups to surrender their property to collective ownership. Initially, however, the Communist Government had appeared to make common cause with the poorer peasants and had favored them so long as they were useful allies in wiping out the landlord class. But, the middle and poor peasant classes who took part in eliminating the landlord class and who profited for a short time probably were not looking beyond the immediate prospect of getting some of their neighbors' wealth.

From the government's point of view, land reform accomplished several planned objectives: First, by carrying out land reform the regime at once struck a heavy blow at the free enterprise system and liquidated a class of people that would have been most difficult to subjugate. Secondly, poor peasants were purposely implicated in the mass murder of landlords. As a result, they came to fear punishment should the previous government regain power. Thirdly, and most important, land reform with the unsparing, utterly brutal liquidation of the landlord class, set an awesome example of what could be expected to happen to any individual who even appeared to stand in the way of the state in carrying out state plans. This created a fear complex that helped the Communists push across a highly unpopular program.

Mutual Aid Teams

The Chinese peasants hoped and probably were not discouraged from assuming the popular belief that after land reform the newly acquired land would be theirs to farm in the traditional Chinese manner; the government itself even referred to the new zeal for work and the positive effects on production following these reforms. Yet even before land reform was completed, measures were being taken to discredit the new situation.

In each step toward collectivization the policy was to praise the next step until that step has been taken, then to discredit the newly acquired level while calling for the next move. Following this pattern, the government then led the drive for the formation of mutual aid teams, claiming that the small peasant economy, with fragmentary holdings of land, was inadequate to meet the nation's increasing needs. Ironically, the recent land reform had greatly intensified the parcelization problem.

The mutual aid team concept was not new to the Chinese countryside. The practice of pooling labor during the busy season had a long history in many areas of China. Under the Communist plan, peasants were permitted to keep title to their land and tools and to receive the produce after paying for assistance received from other members. Labor, however, came under unified management. And this permitted the state to muster a vast supply

(Continued on page 20)

How Indonesia's New Foreign Exchange System Raises the Cost of Farm Imports

By WILLIAM J. EDENS
U.S. Agricultural Attaché, Djakarta

INDONESIA, SQUEEZED BETWEEN its need to import many basic items and its serious shortage of foreign exchange, has revamped its foreign exchange system. By linking imports to exports, it hopes to—

- Ease the unfavorable foreign-exchange situation,
- Discourage official devaluation of the rupiah,
- Provide an opportunity for the rupiah to find its level of value, via supply and demand in the market, and
- Improve the country's financial position.

The new system became effective June 20, 1957. It involves the use of export certificates, issued to exporters at the legal rate of exchange for the goods they ship. To pay for imports, importers must buy these certificates from exporters through foreign-exchange banks, with rupiahs. Thus imports are tied to exports. Exports, in turn, are stimulated, for the exporter keeps the proceeds from the sale of the export certificate, minus 20 percent paid to the government as an export tax.

The effect of the new system varies with the commodities imported. Principal U.S. exports to Indonesia are tobacco, raw cotton, wheat flour, and some powdered milk. All these commodities except cotton and a small amount of milk powder for babies will cost a great deal more to import under the new regulations. For example, import costs will go up 84 percent for wheat flour, 72 percent for leaf tobacco, and 47 percent for powdered milk with the export certificates selling at the present market rate of 215 percent. But a passenger automobile will cost only 18 percent more to import under the new system. Therefore, the increase is actually less for what are considered luxury goods.

There appears little likelihood that increased import costs can be matched by increased per capita purchasing power in Indonesia—at least in the near future. So a considerable drop in imports of the principal U.S. farm commodities can be expected.

Under the new system, a complicated series of percentages sets the cost of importing any commodity. Say an importer wants to buy $1,000 worth of wheat flour. First comes the export certificate rate—at present, 215 percent. This brings his cost up to $2,150. Then comes the extra import surcharge, anywhere from 20 percent to 175 percent depending on the import category. Wheat flour, listed in Category III, is subject to a surcharge of 50 percent. The importer's cost is now $3,225. Last comes the import duty. Duty rates range from 9 percent to 30 percent, and the duty on wheat is 20 percent. Thus the total cost of importing $1,000 worth of wheat flour becomes $3,870. Under the old system, with no export certificate, a 75-percent surcharge, and the same duty, this flour would have cost only $2,100.

When the new system was established, the import categories were reduced from 9 to 6, and the top import surcharge from 400 to 175 percent. Here is how the farm commodities of most interest to U.S. exporters are distributed in the import categories:

Product	Category number	Extra import surcharge
Rice, raw cotton, and milk powder for babies	I	0
Powdered milk, livestock for breeding, vegetable fats and oils	II	20%
Wheat flour, condensed and evaporated milk	III	50%
Leaf tobacco and cheese	IV	100%
Livestock not for breeding, and frozen foods	V	140%
Eggs, vegetables, meats, edible fruits, and manufactured tobacco	VI	175%

Since 1951, consumer goods, together with raw materials and auxiliary goods, have totaled about 80 percent of Indonesia's total annual imports. Consequently, any radical government regulatory action that affects imports of these goods is of major concern to all the people.

The new system has received both commendation and condemnation—mostly the latter—from the press, trade, labor, processors, the transportation industry, and others. The government apparently instituted it without holding hearings for trade, industry, and government business enterprises. Now that rising costs have resulted, a number of well-established business concerns have asked permission to raise fees and charges; and a number of textile factories—claiming

(Continued on page 22)

WHEAT AND RICE
The Two Big Food Crops

How the pattern of their production and trade has changed since World War II.

When the Second World War ended, the world's wheat and rice production was dangerously low. Countries that had surpluses rushed emergency shipments to feed the world's hungry people. Now, a dozen years later, the world's crops of both wheat and rice have not only recovered but increased by nearly a fourth. In recent years, under generally favorable conditions, the wheat crop has run about 200 million metric tons; the rice crop—on a brown-rice basis—about 160 million.

The increase in wheat production has led to expanded world trade; wheat exports are twice the prewar level. The increase in rice production, however, has not meant greater exports; in fact, world exports are only three-fourths of what they were before the war.

In the trade pattern for wheat, the postwar years have wrought significant changes. Before the war, Canada was the world's biggest wheat exporter; it is now in second place, even though its exports are some 75 percent above prewar. The United States has moved from fourth to first place. Argentina and Australia, now third and fourth, are exporting about as much as before the war.

The trade pattern for rice has also shown some changes. Burma is still the world's top rice exporter. But Thailand is now second instead of third. Vietnam and Cambodia (the surplus-producing areas of former Indochina, once second among rice exporters) do not now have significant export surpluses. A newcomer to the list of major exporters is the United States, now in third place.

The Wheat Picture

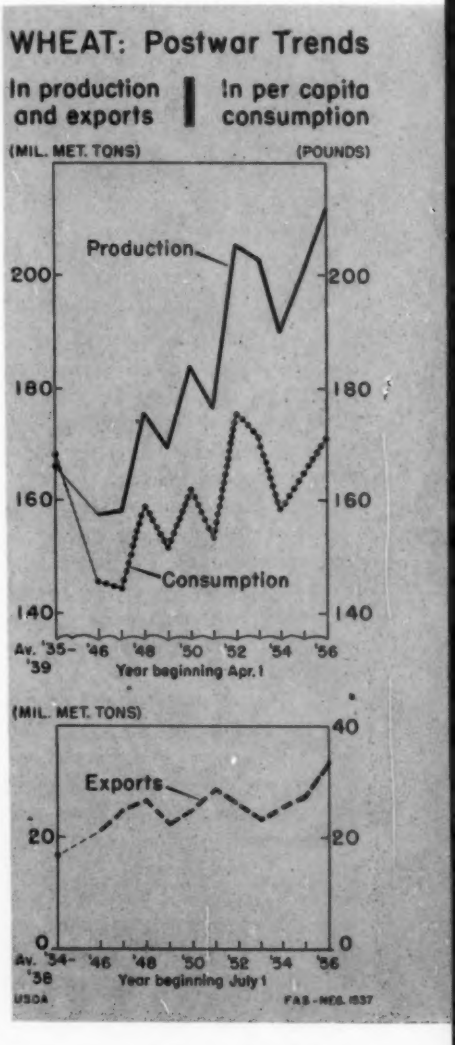
World wheat production has gone up by leaps and bounds after a rapid recovery from the low level of the World War II period. The year 1956 brought an all-time record crop—one and a half times the small harvest of 1945. Acreage had increased only 28 percent, so sharply increased yields per acre were responsible. Of course, weather always plays a large part in determining the level of yields, but other factors contributed too—mainly improved varieties, better cultural practices, and more plentiful supplies of fertilizer.

The production increase was shared by most countries except the United States. There, sharp cuts in acreage, although partly offset by high yields, have held production down. At the same time, most other countries have greatly increased their acreage. The largest increase was in the Soviet Union, which has more than doubled its wheat area since 1945 by opening large new tracts for wheat growing and by a substantial shift from rye to wheat.

While world wheat production was increasing 50 percent, world population stepped up only 15 percent. That means larger food supplies for a good share of the world's people. In some countries, however, larger supplies of other foods have meant better balanced diets and smaller per capita consumption of bread.

Still, world trade in wheat and wheat products is at a new high. It has increased 45 percent from the year beginning July 1, 1945, to the marketing year just ended. High demand in Western Europe and parts of Asia made the increase possible, but a good part can also be attributed to U.S. Government export programs.

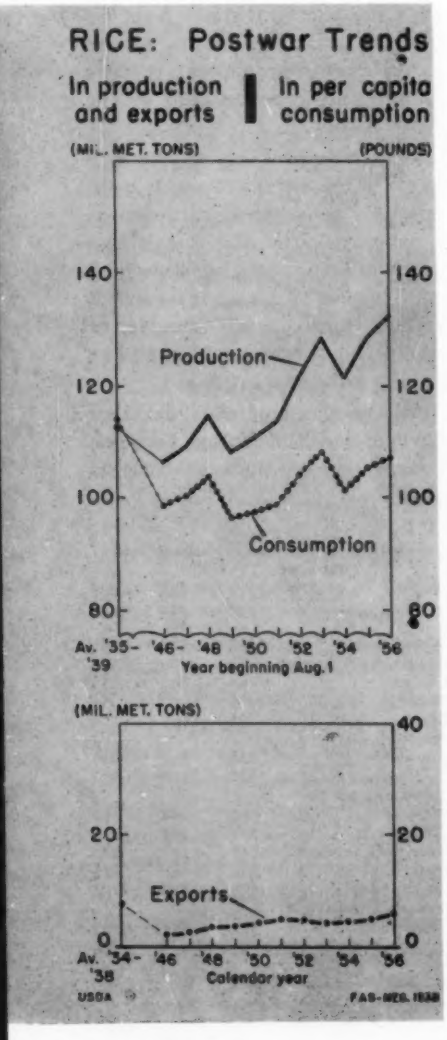
An important postwar development in wheat marketing was the adoption of the International Wheat Agreement, which went into operation August 1, 1949. Its original terms provided for marketing about half the wheat that moved in world trade. A substantial portion of the trade still goes on under the IWA, though much less than during the first period covered by the agreement. The present



agreement extends through July 1959 with 42 importing and 6 exporting countries as members.

Under the IWA, each exporting country has the right to sell wheat up to the amount of its stated quota at the minimum IWA price. Each importing country, on the other hand, has the right to buy its quota at the maximum IWA price. And each exporting and importing country has a matching obligation in fulfilling its quota—the exporter must sell if the maximum price is offered, and the importer must buy if offered wheat at the minimum price.

Trade under the IWA has done much to assure both supplies and markets for the world's wheat trade within an equitable price range.



Significant changes have taken place in the list of countries participating in the agreement. The largest single importer, the United Kingdom, dropped out in 1953. But with the entry of Argentina and Sweden in 1956, all the principal wheat-exporting countries were included with the exception of the Soviet Union.

An interesting development in wheat exporting has been the growing importance of France—one of the original exporters under the IWA. Though France's quota is small, its total exports have been fairly large in recent years except in 1956-57, when a short crop returned it to a net import basis.

During several recent years, Turkey too has been a wheat exporter of some importance, though not under the IWA.

In the Northern Hemisphere exporting countries—the United States and Canada—a succession of large crops has built up heavy supplies for export and carryover, despite large exports in the last 2 marketing years. The outlook for 1957-58 is for decreased exports, mainly because most importing countries had good crops themselves this year.

The Rice Picture

World rice production suffered severe damage during World War II, and average per capita consumption declined sharply. By the end of the war, the world crop had fallen 13 percent under the prewar average, despite a marked increase in the production of all Allied countries that could grow rice.

Since 1946, rice production has risen steadily. It was only natural that the rice areas of Asian countries, where rice is the mainstay of the diet, should be restored as soon as possible. However, the world as a whole needed 4 years to bring production back to the former level; and a few major producers needed still longer.

But production has not kept pace with the growth in population. In 1956, the world's average rice consumption per person, even though the highest since the war, was only 95 percent of the prewar average level.

Chiefly responsible for the slowness of this climb in per capita consumption is the situation in Asia. Here, though rice production has increased above the prewar level, demand too has increased, and faster. Postwar progress itself is the reason: lower death rates—and thus an even more rapid rise in population—plus higher purchasing power. Thus supplies per person are still well below the prewar level in most Asian countries.

On the other hand, in the countries of the Western Hemisphere, per capita consumption is higher than before the war, for rice production has increased well above the already expanded wartime rate, and population growth is slower.

International trade in rice, like world consumption, has not yet recovered to the prewar level. Total world rice exports in the 5 years after the war were only three-fourths of prewar. Even last year's exports, which set a postwar record, reached only 71 percent of the prewar average.

Three principal surplus areas where production for export has not regained prewar levels are Burma, South Vietnam, and Cambodia. Both Burma and South Vietnam are working to reclaim former rice areas. If these are again put into rice, this should release more for export to the Asiatic areas.

Thailand, second only to Burma as a rice exporter, managed soon after the war to raise its crop above the prewar level. Despite some decline since, plus a steadily increasing home demand, it is maintaining rice exports at or above its previous rate.

The United States ranks third among the present "Big Three" rice exporters of the world. It was one of the Allied countries that raised production sharply during the war to supply friendly nations. But after the war ended, its rice acreage and yields continued to expand, until by 1955 a burdensome surplus existed. Rice acreage then was reduced through acreage allotments; and exports, aided by various government programs, have now disposed of the surplus.

World prospects for rice in 1957-58 are for a further increase in production, a slight gain in overall per capita consumption, and a continued heavy demand on the export availabilities of surplus-producing countries.

Typical thatched farmhouse, near Madden Dam. Farm is small but like others in the area it grows chiefly sugarcane, cassava, corn, and bananas.

Panama Links Its Agricultural Policies To Self-Sufficiency

By MARY S. COYNER
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PANAMA IS FOLLOWING many of its Latin American neighbors along the road to self-sufficiency in agricultural production. Over the past several years it has reached its goal for rice and sugar; and it is traveling fast toward its goal for poultry and dairy products. Foodstuffs are still among the principal imports, however, and the United States is still the most important supplier.

Like other Latin American republics, Panama is basically an agricultural country, but it is unique in that the operation of the Panama Canal dominates the economy and provides much of the dollar income. Many of the people and a good part of the nation's wealth are concentrated in the terminal cities of Panama and Colon and other areas adjacent to the Canal. More than 95 percent of the imports enter the country through these cities, and, aside from a few sugar mills in the interior, industries are either in or near them. Transactions between the Canal Zone and Panama account for 17 percent of the national income of the country.

While the Canal furnishes employment for many Panamanians, most of the people depend on agriculture for a livelihood. The region on the Pacific watershed between the Canal Zone and the border with Costa Rica is the source of more than 90 percent of agricultural production. Other sections of the country have considerable agricultural potential but they have not been developed.

Food Crops

Rice is by far the most important food grown in Panama. In the years 1946-50, the country imported an average of 7 million pounds a year. Today Panama raises all the rice it consumes —and it is one of the largest per capita users of rice in Latin America. From 50 million pounds in the prewar years, production gradually increased to a peak of 245 million pounds in 1953-54; then in 1955-56 it declined to 215 million pounds. Rice is cultivated throughout the populated sections of the country, but in Chiriquí Province mechanized operations have converted large areas of volcanic loam from bush into rice-producing lands.

Sugar—also a former import—is now grown in sufficient quantity to supply the needs at home and in some years to export small amounts. Production averages about 20,000 short tons a year; and this is in addition to the 10,000 tons of panela, a brown sugar cake that is consumed largely on the farms where it is grown. Some molasses is produced, primarily for use in the manufacture of rum, although an increasing amount is being used in mixed feeds.

Corn is second only to rice as a staple in the diet; moreover, it is the only feed grain grown in Panama on a commercial scale. Panama has been self-sufficient in corn for some time, with production averaging around 3 million bushels a year. But as the poultry and dairy industries grow, corn imports may become necessary.

Of the other food crops, beans are the most important. Though bean production averages around 160,000 to

Selected Agricultural Imports Into Panama, 1953-55

Product	1953 1,000 dol.	1954 1,000 dol.	1955 1,000 dol.
Wheat flour	1,650	1,787	1,820
Poultry feed	205	178	175
Onions	156	160	151
Potatoes	195	50	33
Beans	215	219	274
Apples, pears, and grapes	258	263	249
Lard	962	1,808	409
Butter, margarine, shortening	865	945	668
Cheese	261	248	274
Dried milk products	1,045	1,271	810
Fresh meat	112	61	81
Cured pork	555	540	557
Preserved fruits and vegetables	913	956	1,012
Total	7,392	8,486	6,513
Total, all imports	71,603	72,621	75,685

Source: *Estadistica Panameña.*

170,000 bags annually, imports are usually necessary to supplement local production. Yuca and plantains are produced and consumed in all parts of the country. Exports of the latter, though small, have shown some increase in recent years.

Livestock Products

An expanding livestock industry is supplying the people of Panama with more meat, dairy products, poultry, and eggs. Improved cattle breeds, better care of stock, and better pastures have contributed to this expansion in the past 6 years. About 75,000 head of cattle were slaughtered in 1956. This resulted in meat production exceeding demand, so that during the month of June all imports of frozen beef, except special cuts, were prohibited.

The dairy industry also has expanded rapidly, partly in response to the demand for milk to supply the new processing plants. Dairies in the area around Colon and Panama City are well stocked and well managed, and in 1956 they produced about 4.4 million quarts of milk. Surplus milk from this area is shipped to a processing plant at Nata, which also purchases surplus milk from dairies in the Central Provinces. By December of last year, the plant was receiving 39,000 quarts daily, and last year produced 8.5 million pounds of condensed and evaporated milk, an increase of more than 40 percent over 1955. Production of powdered milk in 1956 was slightly under 790,000 pounds.

Panama's efforts to become self-sufficient in poultry production are getting results too. Modern poultry production units are now supplying the demand in larger cities. Eggs for consumption are no longer imported. Broiler production is growing and the mixing of feeds is a well-established business, although some ingredients will continue to be imported, mostly from the United States.

Some poultry men believe that market saturation for eggs in Panama—and possibly for broilers—is near. Consequently, competition between U.S. and Panamanian producers for the Canal Zone broiler and egg market may be intensified. For the United States, this could mean increased exports of broilers and decreased exports of eggs.

Rice harvesting demonstration at Panama's national agricultural school. Panama formerly imported large quantities of rice; today it raises all that it consumes.

Imports and Exports

Panama still imports agricultural products totaling $7 million to $9 million a year, in spite of this drive for self-sufficiency. Wheat flour is the principal item. Plans to construct a flour mill may shift the imports from flour to wheat grain. Processed fruits and vegetables are also leading imports, followed by fats and oils and a wide variety of the so-called luxury items for the city trade.

Bananas are Panama's chief export, accounting for two-thirds of the country's export total. Exports in 1956 were down slightly from the 12 million stems exported the previous year. Bananas are grown commercially on both sides of the isthmus by one large company.

Cacao follows bananas as Panama's second largest agricultural export. Production is centered in the Province of Bocas del Toro, and the company producing bananas is also the principal grower of cacao. In recent years cacao acreage has been dwindling; in 1952 it totaled 7,000 acres; last year, about 3,000 acres.

Coconuts, abacá, and cattle hides have also been important exports from time to time. Most of the coconuts entering trade are grown in the San Blas area. At the present time, support prices on both coconuts and copra are in effect in order to bring the San Blas Indians more into the economy of the nation by making it more profitable to sell within the country than to barter with Colombia. Another objective is to augment the supply of raw material for the oil-processing

Bananas are Panama's chief export, accounting for two-thirds of country's export total. U.S. is biggest buyer.

plant in Panama City. Abacá production has been declining in recent years, so that this commodity no longer figures prominently in Panama's trade.

The United States continues as Panama's principal supplier as well as its best customer. Total imports from the United States showed a 10-percent increase in 1956 over 1955, although approximately the same share of total trade was maintained. This trade followed the usual pattern—Panama taking foodstuffs, textiles, paper, petroleum, building materials, and machinery from the United States, and the United States, in turn, buying almost all of Panama's banana and cacao exports.

Government Policies

Encouraged by the success it has achieved in the drive for self-sufficiency, the government is continuing its policies to increase production and restrict imports. New programs to encourage production of needed agricultural commodities have been established. A new production law, published last February, provides protection for new industries through government supports and assistance. For example, the dried milk plant in Chiriquí is protected by a prohibition on dried milk imports, and the vegetable oil factory gets assistance in importing copra and obtaining both copra and coconut from San Blas.

Instrumental in carrying out these policies is Panama's Economic Development Institute (IFE). One of the Institute's main functions is to buy agricultural products at fixed minimum prices to stabilize farm prices and stimulate production. It is also concerned with selling these products on the domestic market at ceiling prices to stabilize consumer prices.

Support prices are in effect on rice, coffee, coconuts, and copra. Prices of $5.92 per 100-pound bag for long grain rice and $4.93 for short grain have stimulated rice production. Declining soil fertility and increasing weed population, however, have slowed the rate of increase in output, even though price supports have been maintained. Coffee prices of $75.65 per bag for first quality and $62.61 for second quality—plus good world

(Continued on page 20)

Guatemala Is Importing More Purebred Cattle

Within the last 3 years Guatemala has boosted its imports of purebred cattle. While the number being imported is still rather small, the percentage increase and the developing interest in improving the stock should be encouraging to U.S. cattle exporters.

For example, in the entire 10 years from 1944 through 1953, Guatemala imported only 747 purebred cattle. But in 1956, imports jumped to 1,022. While this rate was not maintained in the first half of 1957, evidence points to a possible increase by the end of the year.

The U.S. share in Guatemala's cattle imports has always been high. In 1956, U.S. producers shipped to Guatemala 626 animals, or 66 percent of total imports. And this year the U.S. percentage is slightly higher. Holstein and Brown Swiss are the principal dairy cattle being imported, Cebú Brahman and Santa Gertrudis, the leading beef cattle.

Among Guatemalan cattlemen there is considerable interest in improving both dairy and beef cattle. Dairy cattle owners are encouraged by a government program to increase consumption of dairy products. Already the country has made some progress. Guatemala City has four modern pasteurizing plants as well as a milk sterilization plant. While these plants now have a milk surplus, this is thought to be temporary. Once Guatemala has improved the quality of its dairy cattle and modernized its handling and marketing, increased consumption should soon absorb this surplus.

With regard to beef cattle, Guatemala, even at its low consumption level, is not self-sufficient in beef output. Each year 30,000-40,000 cattle are imported from Honduras. But as the quality of Guatemala's own beef cattle improves, beef consumption should increase, even at higher prices.

The program to raise the quality of beef cattle involves pasture improvement and stepped-up supplemental feeding. Imports of concentrates and feed mixes have already increased substantially. Also, good results are being obtained from the feeding of cottonseed and blackstrap. So far feeding experiments have been the most effective with purebred cattle crossed with native animals.

Lack of good credit facilities keeps imports from rising at a faster rate. INFOP (a government-sponsored institute to promote industry and agriculture) as well as some commercial banks now makes loans for this purpose. Yet more attractive financing is needed.

But the outlook, on the whole, is good. Guatemala's economy is moving ahead. Its tourist trade is increasing, and so is the large American colony. These factors all point to increased consumption of dairy and beef products, and to larger imports of purebred cattle, which, incidentally, enter the country duty free.

Ethiopia's Agriculture Has Threefold Setback

Ethiopia's agricultural economy has suffered three blows since the beginning of the year. The most important was the drop in prices of Ethiopian coffee on the world market. Coffee shipments—traditionally bringing 50 percent or more of Ethiopia's total export earnings—were delayed during the Suez crisis. Coffee quality suffered because of inadequate storage facilities and, as a result, prices declined an average of 3 cents a pound from April to July. The government, alarmed over conditions, sent a high-level mission to the United States to review the current market and determine how to up sales. Also an effort has been made to increase the reliability of coffee exports.

The second blow was the recent ban imposed by Aden Colony on chat (a mildly narcotic plant). In the past the Colony has provided a receptive market for chat.

A sudden rise in grain prices contributed the third strike. Too much rain during harvest caused loss or damage to part of the grain crop. Fear of a possible shortage drove up the price of teff (the most popular bread grain) and wheat.

American Agriculture's Stake In U.S. Foreign Policies*

WE ARE FORTUNATE in the United States in that our agriculture is a positive contributor to favorable foreign relations. This is in direct contrast to the position of agriculture in the Communist countries.

This year is the 40th anniversary of the Communist Revolution. The big story of this anniversary—one that the Communists themselves try to hide—is the failure of communism to provide for the food and agricultural needs of its people.

Farmers of the United States are producing more than three times as much meat per capita as are the communized farmers of the Soviet Union, and 40 percent more milk per capita.

Hungary and Rumania once were famous as one of the world's great breadbaskets. Last year, under Communist domination, they had to import grain.

We read that the USSR has offered India a steel plant. But it is significant that it is not offering milk, wheat, and butter.

Our "Secret Weapon"

In the ideological struggle between the East and the West, we have a big advantage because of our superior ability to produce food. Our "secret weapon" is our belief in the free economy—for only within a free economy do we find abundant production of milk, cheese, eggs, meat, and similar high-energy foods.

Sometimes we Americans are embarrassed by the size of our surpluses. But how infinitely better for us to be living under a system that produces abundance than one that produces shortages, hunger, and unrest.

Under our system we are able to share vast amounts of food and fiber with the rest of the world. It is helpful to American farmers that this production can move to foreign consumers; it is helpful to our international relations that our foreign policy can be vigorously backed up with this agricultural abundance. So as we communicate with other people of the world, there is no story we can tell that is quite so impressive as this one of our agricultural strength and communism's agricultural weakness.

The world's people would be hard pressed to feed themselves without the abundance of our farms. We are the world's largest exporter of farm products, and thereby contribute materially to higher living standards for the world. Next to the United Kingdom we also are the world's largest importer of farm products. This liberal purchasing is an important means for other countries to earn much-needed dollars.

We believe that the best way to distribute farm products is through the commercial market, but we are generous with our donations, too, when there is need. Since June 30, 1945, the United States has donated $12 billion of farm products to friendly countries to help them recover from the war and keep their peacetime economies stable. Our food has been a stabilizing factor in many countries.

We are generous, too, in sharing our agricultural technology. World agricultural production constantly is improving, and one of the reasons is the gradual adoption of better techniques, better equipment, and better plants and animals.

Our abundance of relatively cheap food is a direct aid to the economic development of foreign countries. Many countries are able to buy our farm products more cheaply than they could raise them themselves. Instead of using available capital for agricultural expansion, they are able to divert it into expanding their industry, thus providing more jobs for their people.

Indirectly, too, our farm products aid such development. During the past 3 years, over $1.5 billion of farm surpluses have been sold to foreign countries for their own currencies, under Title I of Public Law 480. More than half of this foreign money is being loaned back to these countries to aid their economic development.

The constant outflow of products from our farms, coupled with our responsible marketing and pricing policies, has brought a healthful stability to the postwar world market. We have but to look back to the erratic marketing period that followed the First World War to see the contrast.

Criticism

While American agriculture's contribution to our foreign relations has been highly favorable, we should note certain unfavorable factors, as well. American agriculture is under constant scrutiny and criticism, not only by our foreign adversaries but by our foreign friends, as well. This criticism has sprung up largely during these past 3 years since we expanded our foreign marketing programs.

Foreign criticism of American agriculture is largely of three kinds: (1) It is alleged that we disrupt world prices, (2) that we have denied markets to other exporters and forced them to accumulate unsold surpluses, (3) and that we have distorted the traditional patterns of world trade.

Let's examine these allegations.

First, world prices. As noted earlier, our export products and policies have brought a healthful stability to world agricultural trade. Prices of internationally traded farm products have seldom enjoyed greater stability than during the recent period of our disposal programs. This is true of wheat, cotton, rice, tobacco, feed grains, and other products.

Second, accumulation of stocks. Our foreign friends sometimes overlook the fact that it is the United States that holds most of the world's surpluses. We could have dumped our

*Article based on talk by Gwynn Garnett, Administrator, Foreign Agricultural Service, at National Agricultural Policy Conference, Marshall, Ind., Sept. 9, 1957.

surpluses on the world market but we have carefully refrained from doing so. With few exceptions, other countries have been able to market their production and have no agricultural surpluses. Possible exceptions are Egypt and the Sudan, whose stocks of unsold cotton are due largely to overpricing. Another exception is Canada, which has large stocks of wheat. Canada's wheat exports, however, are being maintained close to the 270-million-bushel average of the past 10 years. When we examine Canada's agricultural statistics, we cannot help but conclude that it is Canada's greatly increased wheat output that is chiefly responsible for its large stocks.

Third, distortion of world trade patterns. Those who accuse us of distorting world trade patterns actually mean that American agriculture has taken away some of their markets. But the record shows otherwise. The agricultural exports of other countries, including our competitors, have gained consistently over the past 8 years. This past year, not only our agricultural exports but theirs as well reached a record high level. World agricultural exports reached a record total of $21.3 billion, and the share contributed by other countries, a record $16.6 billion.

Stake in Foreign Affairs

The clearest evidence of American farmers' stake in foreign affairs is, of course, the fact that exports are an essential outlet for some of our farm products.

- Last year we exported the equivalent of over half our production of wheat, cotton, and rice; one-third of our soybeans and tobacco; one-half of our tallow and one-fifth of our lard.
- Sixty million acres, or 1 acre out of every 5, of U.S. cropland is producing for export.
- Last year, 12 cents of each marketing dollar received by U.S. farmers came from exports.
- Agricultural exports in 1956-57 reached the new alltime high level of $4.7 billion. This was 67 percent above the post-Korean slump of 1952-53.
- More products from American farms were eaten, smoked, and worn by the world's people in 1956-57 than ever before in history.
- During part of the year, there were scarcely enough ships available to handle the export movement of U.S. farm products.
- And partly because of these large volume exports, the surplus of farm products—which had been climbing—was appreciably reduced.

These are facts that affect every farmer in the United States. We commonly speak of "export crops," meaning those that go overseas in greatest volume. But indirectly every crop is an export crop. Any contraction in exports of the major crops means diversion of acreage to other competing crops. It is in the direct dollars-and-cents interest of every farmer that high-level agricultural exports, such as those of this past year, be maintained in the future.

There is no single, simple answer as to how agricultural exports have been pushed to new levels. A number of favorable forces have come into play. These forces include some new government programs, such as Public Law 480, which have received considerable publicity but which may have less long-range significance than some others.

High Dollar Sales

Our basic farm export objective is, and must continue to be, maximum exports through commercial channels for dollars. It is encouraging to note that even though government programs have become important, commercial exports last year rose to the second highest level in postwar history: $2.8 billion, or 60 percent of the total.

Various things account for the improvement in dollar sales. High on the list is the export sale of commodities held by the Commodity Credit Corporation at competitive prices for dollars. Cotton especially has benefited from competitive export pricing. This action had become necessary in order to bridge the gap between domestic and world market prices.

Next, our trade and aid policies are bearing fruit. Through postwar aid, we have helped countries improve their economies so that they have become better customers. Through trade programs, we are obtaining better access for our products in foreign markets. Eighty percent of our farm exports last year moved to countries with whom we have trade agreements, and two-thirds moved under concessions.

As part of this trade picture, our nation also is a large, accessible market for the products of other countries. This gives them the economic basis for active dollar trade.

Merchandising

U.S. farm products are being merchandised vigorously. There was a period, during and immediately after World War II, when foreign competition did not exist and merchandising was a minor factor in farm exports. But today it is an export requirement. U.S. private industry has been able to restore and strengthen its own export programs, safe in the knowledge that our government has neither the intention nor the desire to take over this traditional merchandising function.

One of government's contributions is by way of assisting export promotion, through projects set up jointly with private industry. Such projects are financed by foreign currencies earned through export sales of surpluses under Public Law 480. Seventy-four such projects have been set up in 26 countries, in cooperation with 32 U.S. agricultural and trade groups, as well as a number of foreign ones. These export promotional projects cover all major U.S. farm commodities.

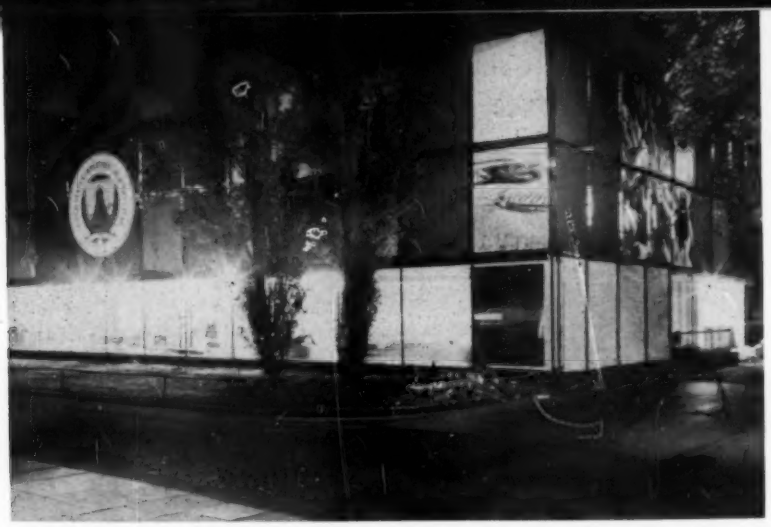
The export merchandising of U.S. farm products is further backed up by our corps of agricultural attachés. These men are stationed in, report from, and aid market development in all principal countries.

Important too are the special government export programs. They accounted for approximately 40 percent of our agricultural exports last year:

	Mil. dol.
Sales for foreign currencies	1,282
Barter	401
Donations and disaster relief	250

On June 30 we ended the third year of operation of Public Law 480. Title I of this program permits sales of U.S. farm surpluses for foreign currencies. This program, backed up with $3 billion of funds, has been extended by the Congress for an additional year, with an additional $1 billion of funds. Title I transactions have

(Continued on page 23)



U.S. pavilion was largest foreign exhibit at Cologne fair. *Right*, West Germans stand in line to sample citrus juices made from U. S. frozen concentrates.

U. S. Farm Exhibits At Cologne Trade Fair Draw German Businessmen

More than a half million persons thronged to the Fine Foods Fair in Cologne last month to sample and even buy products from U.S. farms. But besides serving as a showcase for U.S. agriculture, the exhibit proved to be an effective meetingplace for German and American businessmen and helped pave the way for expanding the German market.

Like the 20 other overseas fairs sponsored by the U.S. Department of Agriculture in the past 2 years, this was a joint endeavor of the Department and cooperating trade groups. Products displayed included fruit, poultry, meat and lard, wheat, honey, tobacco, soybeans, and frozen foods. Main attraction was the American kitchen, where visitors watched meals being prepared.

Below, fried chicken—sold to test its sales appeal—proved exhibit's big hit.

Dr. Heinrich Luebke, German agricultural minister, tries a sugar doughnut.

German women enjoy luncheon in American dining room. Businessmen also found it a pleasant place to discuss trade and establish contacts with U.S. exporters.

Technology Has Helped West Europe's Farms

Science has found its way onto the average farm in West Europe. The result is that farm productivity has grown at a rate that has no parallel in the history of the area. U.S. farmers and exporters may well look with interest at what is going on there; for American agriculture's most formidable competitors in West Europe are not other overseas exporters, but the West European farmers themselves.

These are some of the conclusions in a recent report issued by the Foreign Agricultural Service.[1]

Total farm output in West Europe is now one-fourth above prewar. Even allowing for the generally good weather of 1950-55, output during those years expanded at about 2½ percent a year. Of that gain, fully four-fifths came from the rise in total productivity—largely the effect of better technology.

These factors helped:

- Fertilizer use increased, by almost 80 percent over prewar.
- Mechanization helped replace the laborers lost to industry.
- Livestock and plant diseases and pests were better controlled, by new chemicals plus government aid and international cooperation.
- Grassland management was improved, with better seed mixtures and better methods of grazing or harvest, of curing, and of silaging.
- Livestock breeding and better feeding brought higher milk yields, streamlined hogs, more eggs per hen, and better poultry stock.

The prospect is that West Europe's farm productivity will continue to rise, if only from the momentum that technology has given it. Thus farm output will become more genuinely competitive in this area that is the world's largest importer of farm products and in recent years the buyer of nearly 40 percent of U.S. farm exports.

[1] *Technological Factors in the Expansion of Agricultural Production in West Europe*, by Karen J. Friedmann, Lois B. Bacon, and J. H. Richter, European Analysis Branch. Foreign Agriculture Report No. 102.

French Agriculture Today

(Continued from page 4)

likely to import much feed from us. Over a long period, however, we should benefit from this shift away from grain and potato consumption to meat and livestock products. It takes more acres to produce food in the form of meat and dairy products than it does in the form of wheat and potatoes. Any significant increase in livestock production would cut down France's grain export surplus.

Question: What is the weak point in French agriculture today?

Answer: The remaining large number of very small farms and scattered fields, especially in southern France, probably is one of the biggest handicaps so far as efficient production is concerned.

Question: Is anything being done about this?

Answer: It's a slow process and a little is done every year to try to consolidate the holdings. A farmer may own strips in several directions from the village. Attempts are now being made to consolidate these so he will have one larger plot that will permit more efficient operation.

Question: What would you consider the French Government's most important policy with regard to agriculture?

Answer: Over a long period of time I think the key policy is protection. The government feels that agriculture is basic and seems to want to maintain the maximum number of people on the farm, for both political and social stability. And so they want to make farming attractive to stem the flow of these people to the cities.

Question: Do subsidies enter the French agricultural picture to any great extent?

Answer: Yes, because the French prices have been generally above the world market prices—at least, when we consider the prices in the terms of fixed rate of exchange, which has been 350 francs to the dollar. At that rate the prices of most products in France have been higher than in the United States. This makes it difficult for France to export, so the government assists in part through the practice of collecting an import levy or duty on imports and using that money to subsidize exports.

Question: You mentioned the high prices in France. Is the farmer benefiting from these?

Answer: Yes, generally. I know of no study as to the margin between the farm price and the consumer price in France as compared with the United States, so I do not know how this would stack up. But I do feel that the farmer gets a pretty good share.

Question: Is anything being done to reduce this high cost of living—particularly with reference to food?

Answer: The government has followed the practice right along on most basic food products of importing when prices rise too much. When prices to the farmers fall, the government buys domestic surpluses and exports them. So in effect, the government controls the market to maintain stable prices, not only to the farmer but to the consumer as well.

Question: What has been the impact of the "common market" in France?

Answer: This is not in operation yet. It was approved in principle by the French parliament only a few months ago. The French farmers naturally expect that they will have a much wider, bigger market in Europe under the common-market scheme than they have now.

Question: Does the agricultural picture foreshadow any significant change in the next 5 years?

Answer: France gets about 15 percent of its income from agriculture and is just about self-sufficient in food. And I see no reason to expect French agriculture to become less important in the French economy, nor do I expect France will permit its agriculture to become an unprofitable industry. But in the future, the emphasis may be on different products. The government policy now is to reverse the trend toward increased grain production—particularly wheat—and to stress livestock production and the export of livestock products. With respect to the future of cotton, I foresee little change. France has to import all its raw cotton, and we should be able to keep a large part of this market.

Foreign Competition In Cotton

As the world's largest producer, consumer, and exporter of raw cotton, the United States is deeply interested in cotton's competitive position in world trade. But competition confronting cotton has intensified with the production of first one then another of the man-made fibers. This competition tends to be keener in countries that must rely on foreign sources for their supplies of raw cotton—and keenest of all in those countries that have important man-made fiber industries and have experienced difficulty in obtaining needed quantities of raw cotton because of persistent foreign exchange problems.

For U.S. cotton, these man-made fibers have offered strong competition. Significant too has been the expanded production of raw cotton around the world. So complex is this situation that any evaluation of cotton's position today is extremely difficult. Yet a glance at foreign production, consumption, and trade appears to reveal a fairly promising picture for foreign consumption of U.S. cotton.

Foreign cotton production has held at a level around 25 million bales annually during the past 3 years. However, if cotton prices remain around present levels, expansion both under way and contemplated will probably result in a small but gradual increase in annual foreign production to around 27 million bales during the next 5 years.

Foreign cotton consumption in the 1956-57 season established a new record high of 30.2 million bales. This was the fifth consecutive year of record consumption. Also, it was the seventh consecutive year, and the twelfth out of the past thirteen, to show an increase over the previous year. This is an impressive record. Yet the table at the right shows that whereas total cotton consumption in foreign countries was 30 percent greater in 1956-57 than the average during the 5 years 1934-38, the production of man-made fibers nearly quadrupled.

Thus, while foreign cotton consumption has been rising for a number of years, it has failed to match the rate of gain that has occurred in total apparel-fiber consumption. This failure of cotton to keep pace is particularly significant in countries that rely heavily or entirely on imported cotton.

Western Europe is an interesting case in point, since practically all of the cotton consumed there must be imported. The per capita quantity of cotton available for domestic use in Western Europe increased 5 percent between 1950 and 1955. During the same period, the per capita amount of rayon increased 25 percent. On a poundage basis, the actual increase was 0.4 pound per capita for cotton and 0.9 pound for rayon.

Foreign trade in cotton has failed to parallel the increase in foreign cotton consumption. In the 5 marketing years 1934-38, foreign cotton consumption averaged 23.2 million bales. This average rose to 26.5 million during the 5-year period 1951-55. In contrast, annual world trade in raw cotton was 12.9 million bales in the earlier period and 12.4 million bales in the 5 years 1951-55.

Since the United States normally exports 4 bales of cotton for each 10 consumed at home, this drop in trade is extremely important. But why, one asks, has trade fallen off when consumption is increasing? Consumption is growing because of population increases and rising living standards. Trade is decreasing for two reasons: one, some importing countries have become more nearly self-sufficient by increasing their own production of raw cotton and man-made fibers; and, two, certain exporting countries have been enlarging their domestic textile industries.

What is the future? Will consumption of U.S. cotton in foreign countries go up or down?

For the current year, the export outlook is not as bright as last season's. Some foreign countries are experiencing a drain on their limited gold and dollar reserves and have announced their intentions to reduce imports of U.S. cotton. For a period, by drawing on the stocks they already hold, their current consumption rates can be maintained and even increased despite the lower level of imports. Eventually, however, imports will have to be brought into line with consumption or consumption will decline.

Over the long term the picture is somewhat different. There is good rea-

FOREIGN COTTON CONSUMPTION AND FOREIGN PRODUCTION OF MAN-MADE FIBERS

Period	Consumption of cotton[1]	Production of man-made fibers[2]
	Mil. bales[3]	Mil. bales[4]
Average:		
1934-38	23.2	2.6
1946-50	20.2	3.3
1951-55	26.5	7.4
Annual:		
1954	28.0	8.4
1955	28.8	9.3
1956[5]	30.2	10.3

[1]Year beginning Aug. 1.
[2]Calendar year.
[3]1934-45, bales of 478 pounds; 1946 to date, bales of 480 pounds.
[4]Cotton bales equivalent converted at the rate of 425 pounds.
[5]Preliminary.

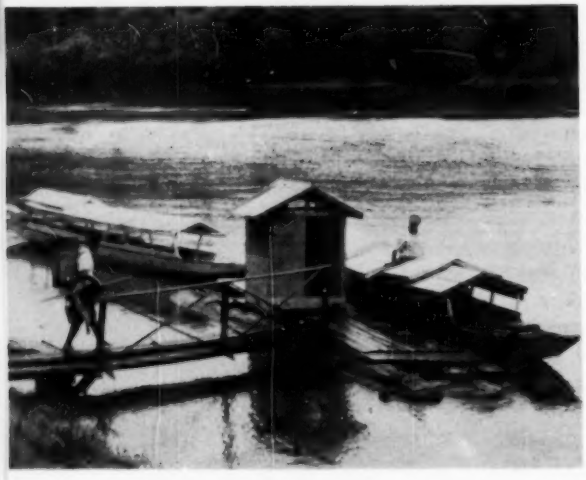
COTTON PRODUCTION, UNITED STATES, FOREIGN, AND WORLD

Year (begin. Aug. 1)	United States	Foreign	World
	Mil. bales[1]	Mil. bales[1]	Mil. bales[1]
Average:			
1934-38	12.7	17.8	30.5
1946-50	12.3	14.8	27.1
1951-55	15.0	23.0	38.0
Annual:			
1954	13.7	24.8	38.5
1955	14.7	25.1	39.8
1956[2]	13.3	25.0	38.3

[1]1934-45, bales of 478 pounds; 1946 to date, bales of 480 pounds.
[2]Preliminary.

(Article continued on page 22)

Mr. Ruggles and native Bornean climb muddy trails to visit North Borneo's hill farms. He also traveled by horse, jeep, airplane, train, and long boat—shown below.



North Borneo

Britain's Last Big Colony In the Far East

British North Borneo, made up of three colonies, covers an area larger than that of the new Malayan Federation. For more than a hundred years it has had strategic importance for Britain, but the question today is—what is its agricultural potential? Glenn A. Ruggles, former U.S. agricultural attaché in Singapore, has made two trips to North Borneo—and in the following article he describes the land and the people.

WHEN MALAYA GAINED its independence last August, North Borneo became Great Britain's last agricultural colony in the Far East. Yet in the years from 1841 to 1941 when the northwest coast of Borneo was under British protection, strategy rather than agriculture dictated its importance to Britain. North Borneo's value lay in the fact that it dominated the Far Eastern trade routes through the South China and Sulu Seas—and not in rubber, timber, and copra.

World War II changed the status, and possibly the future, of North Borneo. So devastated was the area by the fighting that took place there that reconstruction was far beyond the resources of either the North Borneo Company or the Brooke family, the "White Rajahs" of Sarawak, which had controlled the area. Wishing to give the people self-government, Great Britain made both North Borneo and Sarawak crown colonies in 1946. Brunei, which had been reduced to about 2,000 square miles, was left under the control of the sultans, with British advisers.

It was to look over the colony's potential for agricultural development that I made two trips, totaling about 6 weeks, to North Borneo, when I was serving as U.S. agricultural attaché in Singapore. The first trip occurred in 1955, the second, last year.

What I found was a mountainous, tropical country, about 50 percent of which is practically uninhabited and part of it unexplored. Most of the people live along the narrow western coastal strip or adjacent to the three towns on the east coast. For centuries scattered tribes have grown rice on the more fertile hill soils of the interior. But easy access to the interior is blocked by mountains and river rapids —also roads are few. The only railroad covers 126 miles, and it took me 10 hours to travel this distance.

The tribal people work under primitive conditions. A hundred years ago many of them were pirates; and headhunting was not stamped out until around 1920. Today only about 15 percent can read or write; however, the Colonial Government is now establishing primary schools throughout the colonies. I found the people friendly and likable—and some of the hill tribes, particularly the Dyaks, are good workers, honest, and eager to learn.

Their agriculture, as might be suspected, is largely subsistence. But rubber, peppers, and coconuts are grown for export. During the occupation these plantations were neglected. They have now been revived and production is increasing. How fast it will expand depends on how much of Britain's limited resources can be channeled to these colonies. Other agricultural ex-

Believing that rice has a spirit that should not be offended, tribal women carefully cut one head at a time.

Paintings on this rice storage hut also have religious meaning. Damaged rice could mean poor crop next year.

ports include timber, tobacco, hemp, fish, sago, and cutch, a tanning extract.

Currently, rice is North Borneo's biggest crop; nevertheless, not enough is grown to supply food needs so imports are required. The richest rice lands are the northern coastal areas, which have become seriously overpopulated. In the hills the tribes follow the practice of felling the jungle, burning, then planting rice without any further land preparation. Only one crop is planted, then the land is allowed to return to the jungle for anywhere from 5 to 15 years. This worked fine in the past, but now practically all the accessible areas have been cut over. Furthermore, as the hill people have moved toward the coast the pressure of population has caused the Bornean to shorten his rice-jungle cycle and serious erosion has occurred. Jungle will not regenerate on the depleted soil, so lallang grass has taken over and whole areas have been abandoned agriculturally.

Britain, of course, hopes to make North Borneo self-sufficient in rice and even a rice exporter—though the latter is very doubtful. The local government is conducting surveys to find more areas suitable for wet rice cultivation. But when new areas have been found, quite often the people have been slow to move in. Establishing a rice paddy in a new area involves money and labor, and the hill native does not care for the hard, muddy work. He takes pride in his ability to fell the jungle but sees little glamour in hoeing and wading in a steaming rice field in the lowlands. Rubber, which grows well on the hill soils, is more suited to his way of life.

On both my visits I did a lot of traveling—by plane, train, jeep, horseback, and long boat. And I also had the opportunity of talking with the men at the agricultural experiment stations and plantations. From them I learned that there is little doubt that only a small part of the country's natural resources have been tapped, but any estimate of the extent of these resources would be only a guess. New maps and aerial photographs are revealing potential agricultural areas in the interior. Much of the country, however, is too mountainous for cultivation, and even the rolling hills back from the coast have such poor soils that timber and rubber are about the only things that will grow on them. There are, however, some first-class agricultural soils. And these, though limited, should permit the colonies to expand production several times over the present level.

How soon this expansion can be realized is another matter. Obstacles to progress are many; to overcome them will take years. But probably the most pressing is shortage of labor.

A North Borneo family can care for only 1 to 2 acres of pepper, 3 to 4 of rice, or 4 to 5 of rubber. While the British are experimenting with mechanization, Borneans who have never used anything more complicated than a crude ax or a parang (long knife) do not take to it readily. Nor can rubber ever be fully mechanized. Therefore, under the current farming conditions, a large population is needed if production is to expand. And North Borneo's population is increasing very slowly—about 1 percent a year—because of a low birth rate and restricted immigration.

There are two remedies for the labor problem—training the Borneans to increase their output and opening up immigration. Since most of the natives work only to satisfy their needs and since this can be done with only 3 to 6 months work a year, it is obvious that immigration would provide a faster means to the end.

The Chinese, who make up about 28 percent of the present population, are probably the only immigrants from the Asian area who could bring about a rapid development of the country. They adapt themselves to the most difficult and primitive conditions and ask little help from the government. On the other hand, they resist any interference in their affairs by local govern-

ment and are often hard to manage as laborers. Furthermore, the political troubles experienced in both Singapore and Malaya have caused the government to resist any attempt to liberalize its immigration policy, except for the temporary entry of skilled and semi-skilled workers from Singapore and Hong Kong. Therefore, present officials still lean toward the course of trying to train the local people.

Another serious handicap is lack of transportation. The three colonies have only 450 miles of hard-surfaced roads, 300 miles of graveled roads, and 750 miles of dry-weather roads and jeep tracks. Practically all of these roads are along the coast. The railroad taps a potentially good agricultural area but the roadbed and equipment are so poor that it cannot handle the freight from the present limited agricultural development. However, the colonies are expanding their airplane facilities; there are now two international airports, three others on which DC-3's can land, and some 10 small fields.

Transportation is essential if the concentration of people along the coasts is to be dispersed. Here you find approximately two-thirds of the population living on only 5 percent of the total land. And the movement of hill peoples toward the coasts is growing because more schools, markets, dispensaries, and other facilities are available there. An adequate road system would stem this influx and provide labor for the undeveloped land in the interior.

The last big obstacle is money. Can Great Britain afford to spend the vast sums needed to develop these Asian colonies? So far expenditures have necessarily been very limited; other areas of the Commonwealth had more urgent problems. But now that these North Borneo colonies are Britain's last remaining agricultural lands in the Far East, there appears to be renewed interest in their progress.

Rubber would bring the biggest return, but unless there is a marked change in the present situation, it is unlikely that much British capital will go to North Borneo for rubber planting. So it may well be that Britain will content itself with doing those things that it is most skilled at—namely, providing a good colonial government, conscious of the needs of the people; supplying schools, hospitals, roads, agricultural help. But the big push that would make North Borneo a fairly prosperous agricultural land may not seem advisable to Britain at the present time.

Panama's Agricultural Policies

(Continued from page 12)

market prices—are expected to place Panama among the coffee-exporting countries.

The Institute is directly involved in the import of products. The government controls imports of certain farm commodities to increase home production. However, when shortages occur the Institute imports supplementary quantities to make up the deficiency. Copra, potatoes, and corn have been imported by the Institute. Importation of mixed feeds containing corn is virtually prohibited, but imports of corn for the new mixed feed business, though small, have increased. An import fee on this corn amounts to the difference between the support price and the imported cost.

With regard to exports, the Institute's role is sometimes indirect. While the Institute does not export cattle, it does seek markets abroad when cattle numbers exceed domestic needs. Actual exports are handled through commercial channels after IFE has made the contact.

Other functions of the Institute include installing and operating processing plants and storage facilities; increasing output through research; providing better seed, breeding stock, fertilizers, and machinery; and promoting irrigation systems, immigration, and colonization projects. All of this—plus the encouragement and protection of the government's policies—is providing incentive for the Panamanian farmer. But even though the country continues to move toward self-sufficiency, such things as climate and transportation may bar it from wholly achieving this goal. Imports of some farm products, therefore, may always be necessary.

Communist China

(Continued from page 6)

of organized peasant labor for use in an ambitious reconstruction and building program. Providing regimented labor is a key function of peasant organizations and is one reason why they are so useful to the state.

Producers' Cooperatives

The Communist Government soon began to push for the next stage, the so-called "producers' cooperatives." This called for pooling all land, major farm equipment, and livestock. The peasant retained only a hut and a small plot of land for a garden. The title to land was also theoretically held by the peasant. The owner received or was promised a fixed-interest payment as compensation for pooling his resources.

In practice, prices set were often confiscatory, and many peasants were not paid even the small price promised for their land, farm equipment, and livestock. The Communists consider such payments as "exploitation," and it was to be expected that they would be dispensed with as soon as conditions permitted.

Producers' cooperatives were actually the key stage in the overall plan to collectivize agriculture. These cooperatives were often enlarged by taking in adjacent areas and/or by combining small organizations, so that going from producer cooperatives to full collectives was not difficult. And this may explain the rapid strides now being claimed in reaching full collectives.

Full Collectives

This was the decisive stage to which other steps had been pointing and pressing. Here all pretenses were dropped about compensating the farmers. Their property became the property of the collective, its use controlled by the state.

Thus, the actual mechanization of collectivizing agriculture showed a studied master plan carefully worked out and forcefully executed. Each step paved the way and phased into the next step until the hapless peasant ended as a mere wage earner—stripped of all proprietary holdings in land, farm equipment, and major livestock.

U.S. Agricultural Exports At Alltime High In Fiscal Year 1957

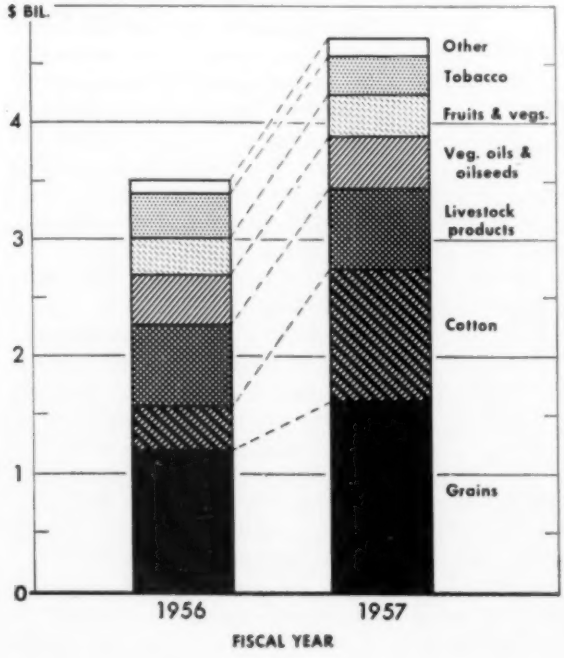
THE FISCAL YEAR 1957 saw the Nation's agricultural exports hit an alltime high in both value and quantity.

The $4,724 million export value for the year, which ended June 30, 1957, is 17 percent above the previous record of $4,053 million in fiscal year 1952. In quantity, 1957's exports exceed by 31 percent the earlier peak reached in 1919.

Compared with 1956, the main factors in the 1957 increase were these: Abundant U.S. supplies; economic expansion and prosperity abroad, particularly in Western Europe and Japan; CCC sales for export at competitive world prices; sales for foreign currencies under Public Law 480; reduced output of a number of crops abroad.

Two commodities—cotton and wheat—predominated in the export gain. Cotton accounted for 61 percent of the value rise from 1956 to 1957; wheat, for 30 percent.

VALUE OF U. S. AGRICULTURAL EXPORTS BY COMMODITY GROUPS



Ten importing countries—5 in Europe, 4 in Asia, 1 in North America—figured in 80 percent of the gain. With other outlets also sharing in the increase, the United States shipped substantial amounts of farm products to more countries than ever before. At the same time, foreign exports continued to grow at about the same rate as in the past several years.

Commercial sales of agricultural commodities, excluding those under specified government programs, increased to a total of $2.7 billion in 1957 from $2.1 billion in 1956. They comprised 60 percent of total U.S. agricultural exports in each year. Over 90 percent of the increase in "program" exports was in Public Law 480 foreign currency sales.

Three-fourths of CCC disposals were made through export in the fiscal year 1957. CCC export disposals increased from $1.7 billion in 1956 to $2.2 billion in 1957. The foreign market accounted for practically all disposals of upland cotton and over three-fourths of the wheat, rye, barley, beans and nonfat dry milk solids.

U.S. EXPORTS OF SELECTED AGRICULTURAL COMMODITIES

Commodity	Unit	Fiscal year 1956 *Mil.*	Fiscal year 1957 *Mil.*	Change in 1957 from 1956 *Percent*
Cotton, excluding linters	Bales (480 lb.)	2.24	7.62	+240
Wheat, including flour[2]	Bushel Bag	344	548	+ 59
Rice, milled basis[1]	(100 lb.)	11.8	26.5	+124
Feed grains[1, 2]	S. ton	8.32	6.86	— 18
Protein meal	S. ton	.76	.58	— 24
Tobacco, unmanufactured	Pound	578	501	— 13
Cottonseed and soybean oil[1]	Pound	1,036	1,376	+ 33
Soybeans	Bushel	70.8	76.7	+ 8
Tallow	Pound	1,330	1,359	+ 2
Lard	Pound	638	558	— 13
Meats (product weight)	Pound	272	438	+ 61
Nonfat dry milk solids[1]	Pound	471	605	+ 28
Evaporated milk	Pound	154	168	+ 9
Cheese[1]	Pound	156	174	+ 12
Hides and skins	Number	9.9	10.1	+ 2
Fresh oranges	Pound	833	753	— 10
Dried prunes	Pound	73.6	121.8	+ 65
Canned fruits	Pound	264	325	+ 23
Dry edible beans[1]	Pound	226	348	+ 54
Canned vegetables	Pound	163	244	+ 50

[1]Includes relief and charity shipments by private agencies, mostly CCC donations under Section 416.
[2]Includes barley, grain and malt; corn, meal and flour; grain sorghums; and oats, meal.

(Article continued on page 22)

Exports of **cotton,** excluding linters, in fiscal year 1957 were 3½ times as large as they were in 1956 and highest since 1934. Largest gains were to Japan, West Germany, United Kingdom, and Italy. CCC sold cotton for export at competitive world prices. Foreign inventories were rebuilt. Foreign supplies for export were smaller. Foreign consumption was greater.

Wheat exports were 1½ times as much as in 1956 and surpassed the prior record of 504 million bushels in 1949. Those to Asia rose most, but Europe remained the main outlet. There the crop was smaller and the milling quality of much of it, inferior. Generally, buying ability abroad was better. Where necessary, government export programs assisted shipments.

Rice exports set a new record in fiscal year 1957; they were more than double the 1956 volume. Other exporting countries had less to export because of small crops and depleted stocks. Bulk of U.S. exports went to Asia under Public Law 480, notably Indonesia, Pakistan, India, and Korea. Japan, abundantly supplied from two good crops, imported very little rice in 1957. Exports to Europe were about double; those to Cuba, about one-fourth larger.

New export records were set in fiscal year 1957 also for **soybeans** and **edible vegetable oils.** Spain's oil consumption rose, Italy had been hit by two successive years of poor olive crops, Europe's rapeseed crop was smaller, the Far East had limited supplies of soybeans and peanut oil to export.

Exports of **fruits and vegetables** increased materially. Dried prunes were up 65 percent; dry beans, 54 percent; canned vegetables, 50 percent; and canned fruits, 23 percent. U.S. products helped offset shortages abroad due to short crops of oranges in Spain, prunes in Yugoslavia, almonds in the Mediterranean area, peas in Europe, and several crops in Canada. Exports were assisted by trade liberalization. One-fourth of the increase in dry bean exports reflected private welfare donations.

Livestock product exports were about the same in 1957 as in 1956. Meat exports gained 61 percent. Larger shipments of frozen beef went to Spain and Israel and more variety meats to West Germany and the Netherlands. Tallow exports set a new record. Quality and price of U. S. tallow continued to make it increasingly accepted the world over. At the same time, lard shipments fell 13 percent, reflecting limited U.S. export supplies. Exports of nonfat dry milk solids rose 28 percent and cheese 12 percent, owing principally to large shipments by private welfare agencies.

Shipments of **feed grains** and **tobacco** dropped below last year.

Feed grain exports (including flour and meal) were 18 percent under the 1956 record. Only corn showed an increase. Europe had large supplies of nonmillable wheat. France had an unprecedented barley crop. Canada had big supplies of barley and oats. Argentina had more corn available for export. Protein meal exports were down 24 percent from the extraordinarily high 1956 level.

Tobacco exports were 13 percent under 1956. Still, they were third highest level in history. Foreign countries had accumulated large stocks in 1956 and were in the market for less in 1957. Also, in 1957, U.S. prices for certain traditional export grades were higher. Export quality of certain U.S. leaf was unsuitable. Foreign competition was greater.

Foreign Competition

(Continued from page 17)

son to believe that foreign cotton consumption will continue to increase at an average rate of around a half million bales per year, provided, of course, that the present trend of world economic activity continues, that no serious payments problems cause a cutback in raw cotton imports, and that prices hold steady around present levels.

Thus, over the next 5 years the gain in consumption will probably exceed the increase in foreign cotton production by a small amount. And this would mean that foreign demand for U.S. cotton would reach an annual level of around 6 million bales by the end of that period.

Indonesia's Exchange System

(Continued from page 7)

that many materials they must purchase have doubled in cost—have closed.

Provinces of the Outer Island, which have been clamoring for more autonomy in both economic and political affairs, are critical of the new system. In effect, it further encourages these Provinces to barter their exportable products such as rubber and copra. This means that the central government not only receives no revenue from these exports but partly loses control over them. Government officials, however, claim that the new system will reduce smuggling and barter.

The government is under much pressure from many directions to withdraw the new regulations. However, it is sticking by its guns, stating that the new system has prevented the country from slipping into bankruptcy and in the long run will produce beneficial results.

The Ministry of Finance already points to an improved foreign exchange position, but it is too early to evaluate all the results of the new regulations. For the present, and since June 20, exports as a whole have been stimulated. However, certain export commodities are being hoarded by some producers and primary buyers who are awaiting higher prices. Part of the stocks on hand before June 20 have been held from the market to take advantage of rising prices. The results: Scarcity of goods, higher prices, curtailed production in certain industries, higher wage demands, pressure on the government to allow increased charge rates, and much public dissatisfaction.

However, if the Indonesians can stand the financial strain involved, the new foreign exchange system may be one way out of a tight domestic and foreign exchange situation that has threatened the financial stability of the entire economy for many months. Indonesia depends so greatly on international trade that any move by its government to better adjust international and domestic prices and set a more realistic exchange value for the rupiah deserves serious consideration.

(Continued from page 14)

been an important factor in our exports. During the 3 years of operation, agreements have been signed with foreign countries that account for $1.3 billion of wheat, $566 million of cotton, $286 million of fats and oils, and $150 million of feed grains (basis CCC cost).

The foreign currency thus obtained is being put to various uses helpful to the United States. One-fourth eventually will be recoverable in dollars; one-fourth is going for various U.S. uses, including market development; and one-half is going into foreign economic development. This last use is especially worth noting, for in continuation of foreign economic development lies our great opportunity for better export markets in the future.

Essential Policies

We have just concluded a year of record exports. And while we do not expect a record again this year, maintaining exports at a high level will be a real challenge. The job cannot be done alone by government, or by Public Law 480, or by special projects based on available foreign currencies. It does not rest on foreign policies alone, but on a combination of sound foreign and *domestic* policies.

First, we need sound domestic programs that help, not hinder, the expanded export of farm products.

Second, we need to participate actively in trade programs that give our farm products freer access to foreign markets. The reciprocal trade agreements program (GATT—General Agreement on Tariffs and Trade) is the outstanding example.

Third, as long as we have severe surplus problems, we need special government programs. But we should continue to work toward a balanced production that does not force the creation of surplus disposal programs.

And lastly, we need to continue our joint efforts to aggressively build foreign markets for our farm products. But here again, private industry must take the leadership. The proper role of government should be that of lending a helping land.

TRADING POST

Paraguay Reforms Exchange Rates

Paraguay has revised its exchange rate system as part of a broad program of economic stabilization. The new system is simpler and more responsive to market conditions. The former fixed rate of exchange has been supplanted by a fluctuating rate—the first quotations of the new rate were at 94 guaranies per U.S. dollar compared with 60 guaranies under the old rate. Quantitative import restrictions and a surcharge of 25 guaranies per dollar (that had applied to certain imports) have been removed. Exports will be subject to a 15 percent tax.

The Central Bank of Paraguay will only intervene if necessary to minimize short-term rate variations. The exchange reform is being backed by arrangements with the International Monetary Fund and by a "standby" exchange agreement with the U.S. Treasury.

Iran Supports Wheat Prices

Iran has announced wheat support prices under its new price support and marketing policy. Under the new system, the government will set support prices and arrange for wheat sales at fixed prices. The support prices for the 1957 crop range from $1.60 to $1.96 per bushel according to locality. The government's fixed selling price for wheat is $2.13 per bushel.

Farmers can sell wheat to the government at all times at the guaranteed minimum prices, but they are not compelled to do so. They may also sell to millers or others at the prevailing market prices. The old policy—now ended—authorized the government to buy up to 25 percent of each year's wheat crop. This involved compulsory sales by farmers to some extent.

Soviet Union Again Buying Canadian Wheat

Russia has begun buying Canadian wheat for the second year of its 3-year agreement with Canada signed in February 1956. Under the agreement Russia promised to buy 1.2 million to 1.5 million metric tons during the 3-year period ending in February 1959. Purchases are to be in annual amounts of 400,000 to 500,000 metric tons, but purchases in the second and third years are to be determined by the volume of Russian goods Canada buys.

Canada also agreed to sell wheat to Russia at the price and on the terms at which the Canadian Wheat Board is selling to its major customers at the time the Soviet Union wants to buy.

Venezuelan Crushers Pay Sesame Growers

Private crushers are financing about 40 percent of the value of Venezuela's current sesame crop—to be harvested in January and February 1958. Crushers may be given a reduction in prices to producers next year in return for the present financing. The current crop, forecast at 18,000 metric tons from about 50,000 acres, will represent a 50-percent increase from last year.

Sweden Eases Meat Imports

Sweden, an important buyer of U.S. variety meats and horsemeat, has removed license restrictions on imports from dollar areas. The liberalization list includes mutton, smoked or salted beef and horsemeat, and variety meats. Previously imports of these commodities have been limited to countries that were part of the Organization for European Economic Cooperation (OEEC).

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India's Need for Rice Continues Strong

India imported 859,000 long tons of rice (22 percent from the United States) in 1956-57 (July-June)—the largest volume of imports in 7 years. No rice at all was imported in 1955-56. India had a record crop in 1956-57, but demand exceeded increased supplies. The trend is expected to continue and imports of about a million tons annually will probably be needed for the next few years.

The Indian Government is making every feasible effort to buy more rice. Burma, Communist China, North Vietnam, and the United States have shipped large supplies, but the total tonnage has been less than stated needs. A shortage of foreign exchange has limited purchases from Thailand.

Sweden Selling More Butter in Europe

Sweden exported almost twice as much butter during the first 6 months of 1957 as in the same period of 1956. Western European countries were the heavy takers. Western Germany increased its imports of Swedish butter by 7 million pounds; the United Kingdom, 3.9 million; and Switzerland, 600,000 pounds.

Sweden also shipped 4.7 million pounds to Poland. No shipments were made to this market in 1956.

South Africa Begins Soil Bank Plan

The Union of South Africa's Department of Agriculture is going to start a ley-cropping scheme similar to the soil-bank plan of the United States. The action is designed to check deterioration of soil fertility and help cut down cereal surpluses. The Union will pay a subsidy for the establishment of grass leys and will also make loans for farmers to buy livestock to eat the grass.

France Revises Exchange System

France has revised its currency exchange system. The new system provides for a surcharge of 20 percent to be applied to all payments—except for imports of certain raw materials, notably coal, steel, petroleum products and textile fibers. It also provides for a 20-percent bonus to apply to all foreign exchange proceeds—except those for textiles and the raw materials mentioned above.

Thus, the effective exchange rate for a major part of French foreign trade is now 420 francs to the dollar. For this part the old system of import taxes coupled with rebates to promote exports has been abolished.

The exchange rate of 350 francs to the dollar still applies to more than 40 percent of French imports and a smaller proportion of French exports. Textiles exports still enjoy aid under the old rebate system.

The new exchange rate seeks to reverse the rapid deterioration of French foreign exchange reserves by reducing imports and increasing exports.

U.S. Wheat and Flour Exports Set New Record

U.S. wheat and flour exports set an alltime record of 546 million bushels (grain equivalent) during 1956-57 (July-June). This was the largest volume of wheat and flour ever exported by any one country in a single year. The previous record was 504 million bushels exported in 1948-49, also by the United States.

Since World War II the United States has led the world in wheat and flour exports except in 1952-53 and 1953-54, when Canada pushed ahead with 392 and 288 million bushels compared with U.S. exports of 317 and 216 million.

U.S. wheat exports during 1956-57 gained almost 62 percent over the previous year, and flour exports were up about 42 percent. The largest gains were in shipments to Asia. Asia supplanted the Western Hemisphere as the principal flour outlet, although Europe still remained the primary destination for wheat.